# LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY

## FINANCIAL REPORT

## DECEMBER 31, 2023

LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES
AND COMMUNITY DEVELOPMENT AUTHORITY

Baton Rouge, Louisiana

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05483.000 Audit 12/31/2023 1100.002 financial report

# INDEPENDENT AUDITORS' REPORT

Board of Directors
Louisiana Local Government Environmental Facilities
and Community Development Authority
Baton Rouge, Louisiana

**Opinions**

We have audited the accompanying financial statements of the business-type activities of the Louisiana Local Government Environmental Facilities and Community Development Authority (a Quasi-Public organization) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Louisiana Local Government Environmental Facilities and Community Development Authority as of December 31, 2023, and the change in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

**Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of compensation, benefits and other payments to Executive Director is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits and other payments to Executive Director is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Governmental Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2024, on our consideration of Louisiana Local Government Environmental Facilities and Community Development Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

McElroy Quirk & Burch

Lake Charles, Louisiana
March 27, 2024

The following is management's discussion and analysis of the financial performance of Louisiana Local Government Environmental Facilities and Community Development Authority (the "Authority"). It is presented as a narrative overview and analysis for the purpose of assisting the reader with interpreting key elements of the financial statements, including notes to the financial statements.

The mission of the Authority is "to provide economic development, infrastructure, and environmental facilities; to assist political subdivisions in constructing, extending, rehabilitating, repairing, and renewing infrastructure and environmental facilities; and to assist in the financing of such needs by political subdivisions of this state."

**FINANCIAL HIGHLIGHTS**

The Authority's total current assets increased $577,111, primarily due to an increase in investments. The Authority's capital assets decreased $36,688 due to depreciation. Deferred outflows decreased $64,826, deferred inflows increased $7,419, and net pension liability decreased $89,350, all related to the Authority's participation in the statewide pension plan. The Authority's current liabilities remained consistent with prior year. The unrestricted net position of the Authority increased $593,299, while the net investment in capital assets portion decreased $36,688.

Total revenue decreased $771,116 from 2022, primarily due to a decrease in program income of $450,000, and a decrease in issuer income of $318,798. Issuer fees were lower due to fewer bond closings, primarily driven by high interest rates. The decrease in program income is due to the reduced drawdown of the balance available for administration of program, as the program is drawing to a close.

Total expenses for 2023 were higher than 2022, increasing by $35,069, primarily related to inflationary adjustments to salaries and corresponding employee benefits.

## OVERVIEW OF THE FINANCIAL STATEMENTS

An explanation of the financial statements is as follows:

Statement of net position:

This statement presents the assets, liabilities and net position of the Authority as of December 31, 2023.

Statement of revenues, expenses, and changes in fund net position:

This statement presents the results of the Authority's operations and changes in fund net position during the year ended December 31, 2023.

Statement of cash flows:

This statement reflects the cash inflows and outflows that had a direct impact on the cash account for 2022.

Notes to the financial statements:

The notes provide additional information that is essential to a complete understanding of the data presented in the financial statements.

## FINANCIAL ANALYSIS

| | 2023 | 2022 |
|---|---|---|
| Assets | $ 13,709,286 | $ 13,168,861 |
| Deferred outflows | 132,270 | 197,096 |
| Total assets and deferred outflows | $ 13,841,556 | $ 13,365,957 |
| Liabilities | $ 608,524 | $ 696,955 |
| Deferred inflows | 11,729 | 4,310 |
| Net position | 13,221,303 | 12,664,692 |
| Total liabilities, deferred inflows and net position | $ 13,841,556 | $ 13,365,957 |

| | 2023 | 2022 |
|---|---|---|
| Operating revenue | $ 665,214 | $ 1,436,330 |
| Operating expenses | 694,869 | 659,800 |
| Operating income (loss) | (29,655) | 776,530 |
| Other revenue (expense) | 586,266 | (335,814) |
| Change in net position | $ 556,611 | $ 440,716 |

**REQUESTS FOR INFORMATION**

Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to Louisiana Local Government Environmental Facilities and Community Development Authority, 5641 Bankers Ave., Bldg B, Baton Rouge, Louisiana 70808.

LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES
AND COMMUNITY DEVELOPMENT AUTHORITY

STATEMENT OF NET POSITION
December 31, 2023

| | |
|---|---|
| **ASSETS** | |
| **CURRENT ASSETS** | |
| Cash and cash equivalents | $ 212,755 |
| Investments - LAMP | 1,842,592 |
| Investment - money market | 157,498 |
| Investments | 10,199,573 |
| Accrued interest receivable | 77,088 |
| Prepaid expenses | 14,178 |
| Total current assets | 12,503,684 |
| **CAPITAL ASSETS NOT BEING DEPRECIATED** | |
| Land | 279,000 |
| CAPITAL ASSETS, net of accumulated depreciation | 926,602 |
| Total assets | 13,709,286 |
| **DEFERRED OUTFLOWS OF RESOURCES** | |
| Deferred outflows related to pension | 132,270 |
| Total assets and deferred outflows | $ 13,841,556 |
| **LIABILITIES AND NET POSITION** | |
| **CURRENT LIABILITIES** | |
| Accounts payable | $ 4,494 |
| Accrued leave | 1,679 |
| Other liabilities | 18,913 |
| Total current liabilities | 25,086 |
| **LONG-TERM LIABILITIES** | |
| Accrued leave, less current portion | 15,107 |
| Net pension liability | 568,331 |
| | 583,438 |
| Total liabilities | 608,524 |
| **DEFERRED INFLOWS OF RESOURCES** | |
| Deferred inflows related to pension | 11,729 |
| **NET POSITION** | |
| Net investment in capital assets | 1,205,602 |
| Unrestricted | 12,015,701 |
| | 13,221,303 |
| Total liabilities, deferred inflows and net position | $ 13,841,556 |

The accompanying notes are an integral part of this statement.

LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES
AND COMMUNITY DEVELOPMENT AUTHORITY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
Year Ended December 31, 2023

| | |
|---|---|
| REVENUE | |
| Issuer fees | $ 401,016 |
| Application fees | 2,500 |
| Program administration and termination fees | 250,000 |
| Miscellaneous income | 11,698 |
| Total revenue | 665,214 |
| EXPENSES | |
| Accounting and audit fees | 35,300 |
| Auto expenses | 15,996 |
| Board per diem | 42,550 |
| Depreciation | 36,084 |
| Dues and subscriptions | 1,010 |
| Employee benefits | 143,303 |
| Insurance | 22,065 |
| Miscellaneous | 2,434 |
| Office supplies and equipment | 5,891 |
| Payroll tax expense | 4,980 |
| Repairs and maintenance | 6,529 |
| Salaries | 327,708 |
| Telephone | 9,342 |
| Travel and conferences | 11,093 |
| Utilities | 10,121 |
| Outsourced services | 20,463 |
| Total expenses | 694,869 |
| Operating income (loss) | (29,655) |
| OTHER INCOME (EXPENSE) | |
| Investment gain | 586,870 |
| Gain (loss) of disposal of assets | (604) |
| Total other revenue | 586,266 |
| Change in net position | 556,611 |
| Net position, beginning of year | 12,664,692 |
| Net position, end of year | $ 13,221,303 |

The accompanying notes are an integral part of this statement.

LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES
AND COMMUNITY DEVELOPMENT AUTHORITY

STATEMENT OF CASH FLOWS
Year Ended December 31, 2023

| | |
|---|---|
| Cash flows from operating activities: | |
| Receipts from operations | $ 653,516 |
| Receipts from other sources | 11,698 |
| Payments to employees and employee-related costs | (535,647) |
| Payments for other operating expenses | (139,048) |
| Net cash (used in) operating activities | (9,481) |
| | |
| Cash flows from investing activities | |
| Interest and dividends | 340,739 |
| Purchase of investments | (5,599,062) |
| Sales of investments | 5,258,323 |
| Net cash (used in) investment activities | - |
| | |
| Net (decrease) in cash | (9,481) |
| | |
| Cash, beginning of year | 222,236 |
| | |
| Cash, end of year | $ 212,755 |
| | |
| Reconciliation of operating income to net cash provided by operating activities: | |
| Operating income (loss) | $ (29,655) |
| Adjustments to reconcile change in net position to net cash provided by operating activities: | |
| Depreciation | 36,084 |
| Change in operating assets and liabilities: | |
| Prepaid expense | 277 |
| Accounts payable | 4,494 |
| Accrued leave | (55) |
| Other liabilities | (3,520) |
| Net pension liability | (89,351) |
| Change in deferred inflows and outflows of resources: | |
| Deferred outflows related to pension | 64,826 |
| Deferred inflows related to pension | 7,419 |
| | |
| Net cash (used in) operating activities | $ (9,481) |

The accompanying notes are an integral part of this statement.

## Note 1. Summary of Significant Accounting Policies

### A. BACKGROUND AND FINANCIAL STATEMENT PRESENTATION

The Louisiana Local Government Environmental Facilities and Community Development Authority (the "Authority") was created by Louisiana Legislature R.S. 33.4548. The Authority, which is a political subdivision of the State of Louisiana, was created for the purpose of assisting political subdivisions in constructing, extending, rehabilitating, repairing, and renewing infrastructure, economic development and environmental facilities, and assisting in the financing of such needs by political subdivisions. Membership consists of municipalities, parishes, school boards and special districts.

The Authority has no taxing power and receives no appropriation from the State of Louisiana or any government body. Bonds issued by the Authority are limited obligations of the Authority, payable only from income, receipts and assets pursuant to trust indentures related to each bond issue. Accordingly, these financial statements include only the financial position and activities of the Authority and are not intended to include or present assets, liabilities or activities of various bond issues.

### B. BASIS OF ACCOUNTING

The Authority is considered an enterprise fund and, accordingly, uses the accrual method of accounting.

The Authority's financial statements include a statement of net position, a statement of revenues, expenses, and changes in fund net position, and a statement of cash flows. It is required that the Authority's net position be reported into three components: net investment in capital assets, restricted, and unrestricted. These components are defined as follows:

- *Net investment in capital assets.* This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

- *Restricted*. This component of net position consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

- *Unrestricted*. This component of net position consists of net assets that do not meet the definition of "restricted" or "net investment in capital assets".

## C. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. Those estimates affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

## D. CASH, CASH EQUIVALENTS AND INVESTMENTS

For purposes of the statements of cash flows, the Authority considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Authority had no cash equivalents for the year ended December 31, 2023.

Louisiana R.S. 33:2955(A)(1) authorizes the Authority to invest in United States bonds, treasury notes, or any other federally sponsored or guaranteed investment. The Authority has stated all investments at fair value as of December 31, 2023.

## E. FIXED ASSETS

Fixed assets are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. The estimated useful lives for fixed assets are as follows:

| | |
|---|---|
| Computer equipment | 3 - 5 years |
| Office equipment | 5 - 7 years |
| Software | 3 years |

| | |
|---|---|
| Furniture and fixtures | 7 years |
| Building | 39 years |

Expenditures for major repairs and improvements of property and equipment are capitalized. Expenditures for maintenance and minor repairs are charged to expense as incurred.

## F. COMPENSATED ABSENCES

| Year's Service | Vacation |
|---|---|
| 0-3 | 12 days/year |
| 3-5 | 15 days/year |
| 5-10 | 18 days/year |
| 10-14 | 21 days/year |
| 15 or more | 24 days/year |

Employees accrue one working day of sick leave for each month of service. There is no maximum on accumulated sick leave.

Employees may accumulate vacation and sick leave time without limitation; however, only vacation leave is payable upon resignation, discharge, death, retirement, or removal due to reduction in force. Payment for vacation leave is limited to 300 hours under all circumstances. If an employee works until retirement eligibility, the accumulated unused sick leave is combined with vacation leave and applied toward retirement years.

## G. ISSUER, APPLICATION AND PROGRAM FEES

The Authority receives non-refundable issuer, application and program fees related to bond financing programs issued through the Authority. The Authority recognizes issuer, application, and program fees as income when the respective bond programs are funded, and the fees are earned.

## H. ADOPTION OF NEW ACCOUNTING PRINCIPLES

For the year ended December 31, 2023, the following statement was implemented: GASB Statement No. 96, *Subscription Based Information Technology Arrangements (SBITA).* This statement changed the accounting and financial reporting for software leases (cloud-based) by governments. It requires lessees to recognize an intangible right-to-use subscription asset and liability and establishes a single classification model for SBITAs going forward.

Note 2. Investments

Louisiana R.S. 33:2955(A)(1) authorizes the Authority to invest in United States bonds, treasury notes, or certificates, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having the principal office in the State of Louisiana, or any other federally sponsored or guaranteed investment, or in mutual or trust fund institutions, which are registered with the Securities and Exchange Commission under the Security Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the United States government or its agencies.

The Authority currently invests in U.S. Treasury and government agency obligations, as well as the Louisiana Asset Management Pool, Inc. (LAMP). LAMP is a nonprofit corporation formed by an initiative of the State Treasurer to operate a local government investment pool.

As of December 31, 2023, the Authority had the following investments and maturities:

| | | Investment Maturities (in Years) | | | |
|---|---|---|---|---|---|
| Investment Type | Fair Value | Less Than 1 | 1-5 | 6-10 | More Than 10 |
| Money market funds | $ 157,498 | $ 157,498 | $ - | $ - | $ - |
| Mortgage backed securities | 7,782,264 | 2,710,846 | 5,071,418 | - | - |
| United States Treasury bonds | 2,417,309 | 1,525,555 | 891,754 | - | - |
| Louisiana Asset Management Pool | 1,842,592 | 1,842,592 | - | - | - |
| Total | $12,199,663 | $ 6,236,491 | $ 5,963,172 | $ - | $ - |

*Interest rate risk:* The Authority's investment policy does not address interest rate risk.

*Credit risk:* In accordance with state law, the Authority limits investments to the following:

1. Direct U.S. Treasury obligations, the principal and interest of which are fully guaranteed by the U.S. government.

2. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies and provided such obligations are backed by the full faith and credit of the U.S., including (but not limited to) U.S. Export Import Bank, Farmers Home Administration, Federal Financing Bank, Federal Housing Administration Debentures, General Services Administration, Government National Mortgage Association (guaranteed mortgage-backed bonds and guaranteed pass-through obligations), U.S. Maritime Administration (guaranteed Title XI financing), and U.S. Department of Housing and Urban Development.

3. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by U.S. government instrumentalities, which are federally sponsored, including (but not limited to) Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Student Loan Marketing Association, and Resolution Funding Corporation.

4. Direct security repurchase agreements of any federal bank entry only securities enumerated above.

5. Time certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana, savings accounts or shares of savings and loan associations and savings banks, or share accounts and share certificates accounts of federally or state chartered credit unions issuing time certificates of deposit; provided that the rate of interest paid for time certificates of deposit shall be not less than fifty basis points below the prevailing market interest rate on direct obligations of the U.S. Treasury with a similar length of maturity.

6. Mutual or trust fund institutions which are registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the U.S. government or its agencies.

As of December 31, 2023, all of the Authority’s investments were held according to policy.

*Custodial credit risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

## Note 3. Fair Value

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Authority has the following recurring fair value measurements as of December 31, 2023:

| | | Fair Value Measurements Using | | |
|---|---|---|---|---|
| Investments by Fair Value Level | 12/31/23 | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Debt securities: | | | | |
| U.S. Treasury | $ 2,417,309 | $ 2,417,309 | $ - | $ - |
| Mortgage backed securities | 7,782,264 | - | 7,782,264 | - |
| Total investments by fair value level | $10,199,573 | $ 2,417,309 | $ 7,782,264 | $ - |

Debt securities classified as Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Note 4. Fixed Assets

A summary of fixed assets, additions, retirements, and balances is as follows:

| | Balance January 1, 2023 | Additions | Retirements | Balance December 31, 2023 |
|---|---|---|---|---|
| Capital assets not being depreciated: | | | | |
| Land | $ 279,000 | $ - | $ - | $ 279,000 |
| Capital assets being depreciated: | | | | |
| Computer equipment | 24,964 | - | (15,270) | 9,694 |
| Office equipment | 30,093 | - | (9,662) | 20,431 |
| Software | 4,054 | - | (4,054) | - |
| Building | 1,019,875 | - | - | 1,019,875 |
| Furniture and fixtures | 44,671 | - | - | 44,671 |
| | 1,123,657 | - | (28,986) | 1,094,671 |
| Less accumulated depreciation: | | | | |
| Computer equipment | 21,288 | 1,681 | (15,270) | 7,699 |
| Office equipment | 23,944 | 1,707 | (9,058) | 16,593 |
| Software | 4,054 | - | (4,054) | - |
| Building | 89,216 | 26,315 | - | 115,531 |
| Furniture and fixtures | 21,865 | 6,381 | - | 28,246 |
| | 160,367 | 36,084 | (28,382) | 168,069 |
| Total capital assets being depreciated, net | 963,290 | (36,084) | (604) | 926,602 |
| Total fixed assets, net | $ 1,242,290 | $ (36,084) | $ (604) | $ 1,205,602 |

Depreciation expense was $36,084 for the year ended December 31, 2023.

Note 5. Multi-Employer Pension Plan

Plan descriptions:

All employees of the Authority are members of the Municipal Employees Retirement System of Louisiana (MERS). This system is a cost-sharing, multiple-employer defined benefit pension plan administered by a board of trustees. Article 10, Section 29 of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions to the state legislature. The system issues an annual, publicly-available financial report that includes financial statements and required supplementary information for the system. The report for MERS may be obtained at www.mersla.com.

MERS was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana and is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the Authority are members of Plan A. All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds are eligible to participate in MERS.

Benefits provided:

*Retirement benefits*

Any member of Plan A hired before January 1, 2013 may retire at any age with 25 years of creditable service or at age 60 with at least 10 years of creditable service. Any member of Plan A hired on or after January 1, 2013 may retire at age 67 with at least 7 years of creditable service, at age 62 with at least 10 years of creditable service, or at age 55 with at least 30 years of creditable service. Members hired on or after January 1, 2013 are also eligible to retire at any age with at least 25 years of creditable service, but their benefit will be actuarially reduced from the earliest age of which the member would be entitled to a vested deferred benefit under any of the previously mentioned provisions, if the member had continued in service to that age. Members are entitled to a retirement benefit, payable monthly for life, equal to 3% of the member's final compensation (defined below) multiplied by the member's years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination.

Final compensation is the employee's average salary over the 36 consecutive or joined months that produce the highest average for a member whose first employment made him or her eligible for membership in the system on or before June 30, 2006. Final compensation is the employee's average salary over the 60 consecutive or joined months that produce the highest average for a member whose first employment made him or her eligible for membership in the system after June 30, 2006. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination.

*Deferred retirement options*

In lieu of terminating employment and accepting a service retirement allowance, any member of MERS who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. A MERS member may participate in DROP only once. During participation in the plan, employer contributions are payable, but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment, are credited to the MERS member's individual DROP account. Interest is earned when the member has completed DROP participation. Upon termination of employment prior to or at the end of the participation period, the member may receive a lump sum from the account, or a true annuity based on the account balance. If employment is not terminated at the end of the three-year DROP participation period, payments into the DROP account cease and the person resumes active contributing membership in MERS.

*Disability benefits*

A member of MERS Plan A is eligible to retire and receive a disability benefit if he or she has at least 5 years of creditable service, is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. The monthly maximum retirement benefit under Plan A of MERS is the lesser of an amount equal to three percent of member's final compensation multiplied by years of service (not less than 45% of member's final compensation) or an amount equal to three percent of the member's final average compensation multiplied by years of creditable service projected to member's earliest normal retirement age.

*Survivor's benefit*

The surviving spouse (defined as someone married to the deceased member for at least 12 months immediately preceding the member's death) of a MERS Plan A member (not eligible for retirement at the time of death) will receive a survivor benefit, provided that the member had 5 or more years of creditable service, as outlined in the statutes. A MERS Plan A member who is eligible for normal retirement at the time of death will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse upon the date of death. Benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

*Cost of living increases*

MERS is authorized under state law to grant an annual cost of living adjustment to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit and may only be granted if sufficient funds are available. The cost of living increase must be paid from investment income in excess of normal requirements.

Contributions:

The MERS employer contribution rate is established annually under La R.S 11:101-11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the system's actuary. Each plan pays a separate actuarially-determined employer contribution rate. For the year ending December 31, 2023 the employer contribution rate for MERS Plan A was 29.50%. Employer contributions to MERS were $96,508 for the year ended December 31, 2023. Employees participating in MERS Plan A are required to contribute 10.00%.

Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. MERS receives ad valorem taxes and state revenue sharing funds. The Authority recognizes revenue in an amount equal to its proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended December 31, 2023, the Authority recognized revenue as a result of support received from non-employer contributing entities of $11,698 for its participation in MERS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

At December 31, 2023, the Authority reported a liability for MERS of $568,331 for its proportionate share of the net pension liability. The net pension liabilities were measured as of June 30, 2023 and the total pension liabilities used to calculate the net pension liability were determined by actuarial valuations as of that date. The Authority's proportion of the net pension liability for the retirement system was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2023, the Authority's proportionate share for MERS was 0.155500%. This reflects a decrease for MERS of 0.002854% from its proportion measured as of June 30, 2022.

For the year ended December 31, 2023, the Authority recognized pension expense, for which there were no forfeitures, as follows:

| | Pension Expense |
|---|---|
| MERS | $ 91,101 |

At December 31, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 382 | $ 5,198 |
| Changes in assumptions | - | - |
| Net difference between projected and actual earnings on pension plan investments | 65,309 | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 18,242 | 6,531 |
| Employer contributions subsequent to measurement date | 48,337 | - |
| Total | $ 132,270 | $ 11,729 |

During the year ended December 31, 2023, employer contributions totaling $48,337 were made subsequent to the measurement date for MERS. These contributions are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Plan Year Ended June 30: | MERS |
|---|---|
| 2023 | $ 28,719 |
| 2024 | 262 |
| 2025 | 47,378 |
| 2026 | (4,155) |
| Total | $ 72,204 |

Actuarial assumptions:

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position. The components of the net pension liability of MERS employers as of June 30, 2023 are as follows:

| | MERS Plan A |
|---|---|
| Total pension liability | $ 1,327,096,530 |
| Plan fiduciary net position | 961,610,161 |
| Total net pension liability | $ 365,486,369 |

The Authority's allocation is 0.155500% of the Total Net Pension Liability for MERS Plan A.

The total pension liabilities for MERS in the June 30, 2023 actuarial valuations were determined using the following actuarial assumptions:

| | MERS Plan A |
|---|---|
| Actuarial cost method | Entry age normal |
| Expected remaining service Lives | 3 years for Plan A |
| Investment rate of return | 6.85%, net of investment expense |
| Inflation rate | 2.5% |
| Projected salary increases | 6.40% for 1-4 years of service; 4.50% for more than 4 years of service |
| Cost of living adjustments | None |
| Mortality | Mortality tables used:<br>For active members-PubG-2010(B) Employee Table set equal to 120% for males and females, each Adjusted using their respective MP2018 scales.<br>For healthy annuitants-PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective MP2018 scales.<br>For disabled annuitants-PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale. |

The MERS actuarial assumptions used were based on the results of an experience study for the period July 1, 2013 through June 30, 2018.

The forecasted long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return for MERS is 6.85% for the year ended June 30, 2023.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation for MERS as of June 30, 2023 are summarized in the following table:

| Asset Class | Target Allocations | Long-Term Expected Real Rate of Return |
|---|---|---|
| Equity | 56% | 2.44% |
| Fixed income | 29% | 1.26% |
| Alternatives | 15% | 0.65% |
| Subtotal | 100% | 4.35% |
| Inflation adjustment | | 2.50% |
| Total | | 6.85% |

Discount rates:

The discount rate used to measure the total pension liability for MERS was 6.85%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PERSAC taking into consideration the recommendation of the actuary. Based on those assumptions, the net position of MERS was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rates:

The following table presents the Authority's proportionate share of the net pension liability using the discount rate of 6.85% for MERS, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (5.85%) or one percentage-point higher (7.85%) than the current rate:

| | 1% Decrease | Current Discount | 1% Increase |
|---|---|---|---|
| MERS | $ 787,919 | $ 568,331 | $ 382,846 |

Payables to the Pension Plans:

At December 31, 2023, the payable to MERS was $9,957 for December 2023 employee and employer legally-required contributions.

Note 6. Long-Term Obligations

The following is a summary of the long-term obligation activity for the year ended December 31, 2023:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due in One Year |
|---|---|---|---|---|---|
| Net pension liability | $ 657,681 | $ - | $ 89,350 | $ 568,331 | $ - |
| Accrued leave | 16,841 | - | 55 | 16,786 | 1,679 |
| | $ 674,522 | $ - | $ 89,405 | $ 585,117 | $ 1,679 |

Note 7. Cash and Cash Equivalents

Custodial credit risk - deposits. Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it.

The Authority maintains demand and time deposits through local depository banks which are members of the Federal Reserve System.

Deposits in excess of federally insured amounts are required by Louisiana state statute to be protected by collateral of equal market value. Authorized collateral includes general obligations of the U.S. government, obligations issued or guaranteed by an agency established by the U.S. government, general obligation bonds of any state of the U.S., or of any Louisiana parish, municipality, or school district. The Authority's bank demand and time deposits at year end were not fully collateralized.

The deposits at December 31, 2023 are as follows:

| December 31, 2023 | Demand Deposits |
|---|---|
| Carrying amount | $ 212,755 |
| Bank balances: | |
| a. Federally insured | $ 213,180 |
| b. Collateralized by securities held by the pledging financial institution | - |
| c. Uncollateralized and uninsured | - |
| Total bank balances | $ 213,180 |

Note 8. Subsequent Events

The Authority evaluated all subsequent events through March 27, 2024, the date the financial statements were available to be issued. As a result, the Authority noted no subsequent events that required adjustment to, or disclosure in, these financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

Schedule of Employer's Proportionate
Share of the Net Pension Liability

Schedule of Employer's Pension
Contributions

LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES
AND COMMUNITY DEVELOPMENT AUTHORITY

SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE
OF NET PENSION LIABILITY
Year Ended December 31, 2023*

| Plan Year | Employer Proportion of the Net Pension Liability (Asset) | Emloyer Proportionate Share of the Net Pension Liability (Asset) | Employer's Covered Employee Payroll | Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered Employee Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|---|---|---|---|---|---|
| 2023 | 0.155500% | $ 568,331 | $ 312,536 | 181.8% | 72.46% |
| 2022 | 0.158354% | 657,681 | 303,492 | 216.7% | 67.87% |
| 2021 | 0.142693% | 396,901 | 282,555 | 140.5% | 77.82% |
| 2020 | 0.144092% | 622,969 | 275,405 | 226.2% | 64.25% |
| 2019 | 0.151210% | 631,855 | 279,917 | 225.7% | 64.68% |
| 2018 | 0.149500% | 619,031 | 272,945 | 226.8% | 63.94% |
| 2017 | 0.144493% | 604,475 | 262,409 | 230.4% | 62.49% |
| 2016 | 0.142473% | 583,956 | 254,504 | 229.4% | 62.11% |
| 2015 | 0.139644% | 498,830 | 235,107 | 212.2% | 66.18% |
| 2014 | 0.125469% | 322,009 | 181,978 | 176.9% | 73.99% |

* The amounts presented have a measurement date of the plan year end.

LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES
AND COMMUNITY DEVELOPMENT AUTHORITY

SCHEDULE OF EMPLOYER'S PENSION CONTRIBUTIONS
Year Ended December 31, 2023

| Fiscal Year | Contractually Required Contribution | Contributions In Relation Contractual Required Contribution | Contribution Deficiency (Excess) | Employer's Covered Employee Payroll | Contributions as a % of Covered Employee Payroll |
|---|---|---|---|---|---|
| 2023 | $ 96,508 | $ 96,508 | $ - | $ 327,146 | 29.50% |
| 2022 | 87,989 | 87,989 | - | 298,268 | 29.50% |
| 2021 | 84,417 | 84,417 | - | 286,159 | 29.50% |
| 2020 | 83,379 | 83,379 | - | 290,952 | 28.66% |
| 2019 | 73,981 | 73,981 | - | 275,433 | 26.86% |
| 2018 | 70,949 | 70,949 | - | 279,602 | 25.37% |
| 2017 | 63,243 | 63,243 | - | 266,288 | 23.75% |
| 2016 | 54,886 | 54,886 | | 258,269 | 21.25% |
| 2015 | 48,349 | 48,349 | - | 244,805 | 19.75% |
| 2014 | 32,906 | 32,906 | - | 169,321 | 19.43% |

**OTHER SUPPLEMENTARY INFORMATION**

Schedule of Compensation, Benefits and
Other payments to Executive Director

LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES
AND COMMUNITY DEVELOPMENT AUTHORITY

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO EXECUTIVE DIRECTOR
Year Ended December 31, 2023

Agency Head Name: Ty Carlos, Executive Director

| Purpose | Amount |
|---|---|
| Salary | $ 211,280 |
| Benefits - insurance | 12,934 |
| Benefits - retirement | 71,835 |
| Vehicle allowance | 15,996 |
| Travel | 1,522 |
| Business meals | 307 |
| | $ 313,874 |

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Mollie C. Broussard, CPA
Jason L. Guillory, CPA
Greg P. Naquin, CPA, CFP™
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Board of Directors
Louisiana Local Government Environmental Facilities
and Community Development Authority
Baton Rouge, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Louisiana Local Government Environmental Facilities and Community Development Authority (a Quasi-Public organization), as of and for the year ended December 31, 2023 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated March 27, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Louisiana Local Government Environmental Facilities and Community Development Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Louisiana Local Government Environmental Facilities and Community Development Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Louisiana Local Government Environmental Facilities and Community Development Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

McElroy Quirk & Burch

Lake Charles, Louisiana
March 27, 2024

LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES
AND COMMUNITY DEVELOPMENT AUTHORITY

SCHEDULE OF AUDIT FINDINGS AND RESPONSES
Year Ended December 31, 2023

**SECTION I – SUMMARY OF AUDITOR'S RESULTS**

Financial Statements

| | |
|---|---|
| Type of auditor's report issued: | Unmodified |
| Internal control over financial reporting: | |
| Material weakness identified? | _____Yes __X__No |
| Significant deficiency identified not considered to be material weakness? | _____Yes __X__None reported |
| Noncompliance material to financial statements noted? | _____Yes __X__No |

(continued on next page)

LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES
AND COMMUNITY DEVELOPMENT AUTHORITY

SCHEDULE OF AUDIT FINDINGS AND RESPONSES
December 31, 2023

No current year findings.

LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES
AND COMMUNITY DEVELOPMENT AUTHORITY

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND RESPONSES
December 31, 2023

No prior year findings.

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05483.000 AUP REPORT

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Executive Committee of the Louisiana
Local Government Environmental Facilities and
Community Development Authority and the
Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas of Louisiana Local Government Environmental Facilities and Community Development Authority (the Authority) identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2023 through December 31, 2023. The Authority's management is responsible for those C/C areas identified in the SAUPs.

The Authority has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2023 through December 31, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

## *1) Written Policies and Procedures*

A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

*i.* ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

*No exceptions noted.*

ii. ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

*No exceptions noted.*

iii. ***Disbursements***, including processing, reviewing, and approving.

*No exceptions noted.*

iv. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

*No exceptions noted.*

v. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.

*No exceptions noted.*

vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

*No exceptions noted.*

vii. ***Travel and Expense Reimbursement,*** including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

*No exceptions noted.*

viii. ***Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, and (4) required approvers of statements, and (5) monitoring card usage (e.g. determining the reasonableness of fuel card purchases).

*No exceptions noted.*

***ix.*** ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

*No exceptions noted.*

***x.*** ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

*No exceptions noted.*

***xi.*** ***Information Technology Disaster Recovery/Business Continuity,*** including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

*No exceptions noted.*

***xii.*** ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

*No exceptions noted.*

## *2) Board or Finance Committee*

A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws or other equivalent document.

*No exceptions noted.*

ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds.

*No exceptions noted.*

iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

*N/A – Fund balance was not negative*

*iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.*

*No exceptions noted.*

## *3) Bank Reconciliations*

A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged).

*No exceptions noted.*

ii. Bank reconciliations include evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged).

*No exceptions noted.*

iii. Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

*No exceptions noted.*

### *4) Collections (excluding electronic funds transfers)*

A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5):

*No exceptions noted.*

B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

i. Employees responsible for cash collections do not share cash drawers/registers.

*No exceptions noted.*

ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

*No exceptions noted.*

iii. Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

*No exceptions noted.*

iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions is (are) not responsible for collecting cash, unless another employee/official verifies the reconciliation.

*No exceptions noted.*

C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was in force during the fiscal period.

*N/A- entity does not accept cash and has no cash on premises*

D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:

i. Observe that receipts are sequentially pre-numbered.

*N/A- entity does not accept cash deposits.*

ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

*No exceptions noted.*

iii. Trace the deposit slip total to the actual deposit per the bank statement.

*No exceptions noted.*

iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than $100 and the cash is stored securely in a locked safe or drawer).

*No exceptions noted.*

v. Trace the actual deposit per the bank statement to the general ledger.

*No exceptions noted.*

## ***5) Non-Payroll Disbursements (excluding credit card purchases/payments, travel reimbursements, and petty-cash purchases)***

A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

*No exceptions noted.*

B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:

i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase.

*No exceptions noted.*

ii. At least two employees are involved in processing and approving payments to vendors.

*No exceptions noted.*

iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

*No exceptions noted.*

iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

*No exceptions noted.*

v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

*No exceptions noted.*

C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

*No exceptions noted.*

ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

*No exceptions noted.*

D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

No exceptions noted.

## *6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards*

A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

*No exceptions noted.*

B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and:

i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder.

*No exceptions noted.*

ii. Observe that finance charges and late fees were not assessed on the selected statements.

*No exceptions noted.*

C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 of transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

*No exceptions noted.*

## 7) *Travel and Travel-Related Expense Reimbursement (excluding credit card transactions)*

A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

*No exceptions noted.*

ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

*No exceptions noted.*

iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii).

*No exceptions noted.*

iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*No exceptions noted.*

### *8) Contracts*

A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

*No exceptions noted.*

ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

*No exceptions noted.*

iii. If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment: and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval).

*No exceptions noted.*

iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

*No exceptions noted.*

### *9) Payroll and Personnel*

A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select five employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

*No exceptions noted.*

B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and:

i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

*No exceptions noted.*

ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials:

*No exceptions noted.*

iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records:

*No exceptions noted.*

iv. Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

*No exceptions noted.*

C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulate leave records, agree the pay rates to the employee/officials' authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

*No employees received termination payments during the year.*

D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g.,payroll taxes, retirement contributions, health insurance premiums, garnishments, and workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

*No exceptions noted*

## 10) *Ethics*

A. Using the five randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain ethics documentation from management and:

i. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170.

*No exceptions noted.*

ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable:

*No exceptions noted.*

B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

*No exceptions noted.*

## *11) Debt Service*

A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

*Not applicable.*

B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants):

*Not applicable.*

## *12) Fraud Notice*

A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

*No misappropriations of assets during the fiscal period.*

B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds:

*No exceptions noted.*

## *13) Information Technology Disaster Recovery/Business Continuity*

A. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."

   i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

   *We performed the procedure and discussed the results with management.*

   ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

   *We performed the procedure and discussed the results with management.*

   iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

   *We performed the procedure and discussed the results with management.*

B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disable from the network.

   *We performed the procedure and discussed the results with management.*

C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

   - Hired before June 9, 2020 – completed the training; and

   - Hired on or after June 9, 2020 – completed the training within 30 days of initial service of employment.

*We performed the procedure and discussed the results with management.*

## *14) Prevention of Sexual Harassment*

A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

   *No exceptions noted.*

B. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

   *No exceptions noted.*

C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:

   i. Number and percentage of public servants in the agency who have completed the training requirements.

      *No exceptions noted.*

   ii. Number of sexual harassment complaints received by the agency.

      *No exceptions noted.*

   iii. Number of complaints which resulted in a finding that sexual harassment occurred.

      *No exceptions noted.*

   iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action.

      *No exceptions noted.*

   v. Amount of time it took to resolve each complaint.

*No exceptions noted.*

We were engaged by the Louisiana Local Government Environmental Facilities and Community Development Authority to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Louisiana Local Government Environmental Facilities and Community Development Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

McElroy Quirk & Burch

Lake Charles, Louisiana
March 27, 2024